

# CITY OF SIOUX CENTER, IOWA

## TABLE OF CONTENTS

June 30, 2006

	<u>Page</u>
Officials	3
Letter of Transmittal	4
Management's Discussion and Analysis	8
Independent Auditor's Report	13
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the	
Statement of Net Assets	18
Statement of Revenues and Expenditures -	
Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances - Governmental Funds to the Statement of Activities	20
Proprietary Fund Financial Statements:	
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in	
Fund Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Assets and Liabilities - Agency Funds	25
Notes to Financial Statements	26
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes	
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	39
Notes to Required Supplementary Information - Budgetary Reporting	40
Supplementary Information	
Nonmajor Special Revenue Funds:	
Combining Balance Sheets	42
Combining Schedule of Revenues, Expenditures	
and Changes in Fund Balances	43
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	44
Combining Schedule of Revenues, Expenditures and Changes in	
Fund Balances	45
Schedule of Receipts and Disbursement by Function	47
Independent Auditor's Report on Compliance and on Internal Control	
over Financial Reporting	48
Schedule of Findings and Questioned Costs	52
<b>STATISTICAL SECTION</b>	
General Governmental Expenditures and other uses by Function	54
General Revenues and Other Sources	55

# CITY OF SIOUX CENTER, IOWA

## TABLE OF CONTENTS

June 30, 2006

<b>STATISTICAL SECTION</b>	<b><u>Page</u></b>
Tax Revenues by Source	57
Property Tax Levies and Collections	57
Assessed and Estimated Actual Value of Taxable Property	58
Property Tax Rates - Direct and Overlapping Governments	58
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	59
Computation of Direct and Overlapping Debt	59
Computation of Legal Debt Margin	60
Special Assessment Collections	60
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	61
Schedule of Revenue Bond Coverages	61
Property Value Construction and Bank Deposits	62
Principal Taxpayers	62
Demographic Statistics	63
Miscellaneous Statistical Data	64
Staff	65

# CITY OF SIOUX CENTER, IOWA

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Walstra	Mayor	Jan 2008
Gene Kruse	Council Member	Jan 2008
Scott Te Stroete	Council Member	Jan 2010
Perry Van Gorp	Council Member	Jan 2008
Randy Vreugdenhil	Council Member	Jan 2010
W. Dale Den Herder	Council Member	Jan 2010
Paul Clousing	City Manager	Jan 2007
Eldon Westra	Treasurer, Finance Director	July 2006
Brian Van Engen	Attorney	Jan 2007

MAYOR  
**Dennis J. Walstra**

CITY COUNCILMEN  
**W. Dale Den Herder**  
**Gene Kruse**  
**Scott Te Stroete**  
**Perry Van Gorp**  
**Randy Vreugdenhil**



CITY MANAGER  
**Paul Clousing**  
UTILITY MANAGER  
**Murray Hulstein**  
ASSISTANT CITY MANAGER  
**Greg Hulstein**  
FINANCE DIRECTOR  
**Eldon Westra**  
CITY ATTORNEY  
**Brian K. Van Engen**

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*MISSION: To provide excellent quality of life and municipal services for our community through a spirit of progressive cooperation.*

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CITY OF SIOUX CENTER, IOWA 51250  
335 First Avenue N.W.

[www.siouxcenter.org](http://www.siouxcenter.org)

Phone 712-722-0761  
FAX 712-722-0760

November 30, 2006

The Honorable Mayor  
Members of the City Council  
Citizens of the City of Sioux Center, Iowa:

The Comprehensive Annual Financial Report for the City of Sioux Center for fiscal year ended June 30, 2006, has been prepared by the Finance Department and is submitted herewith. We believe the data as presented, is accurate in all material respects and presents fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The City of Sioux Center's financial statements have been audited by Kroese & Kroese, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Sioux Center for the fiscal year ended June 30, 2006 are free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by management and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Sioux Center's financial statements for the fiscal year ended June 30, 2006, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Sioux Center's MD&A can be found immediately following the report of the independent auditor.

## **Profile of the Government**

The City of Sioux Center, incorporated in 1891, is located in the northwest corner of Iowa, approximately 45 miles east of Sioux City, Iowa, and 60 miles southeast of Sioux Falls, South Dakota. Sioux Center is surrounded by rich farmland and consequently much of its local business and industrial base is agriculturally oriented.

The City provides the full range of municipal services authorized by State Law and City Ordinance. This includes police and fire protection, street system, sanitation system, library, parks and recreation, municipal airport, planning and zoning and code enforcement, and general administrative services necessary to serve the citizens of the community. The City also operates water, wastewater treatment, electric and natural gas utility systems and a downtown mall.

The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the mayor and five members. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and setting policy. The City manager is responsible for carrying out the policies of the Council and for overseeing day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms with an election every two years. The Mayor is elected for a four-year term.

The annual budget serves as the foundation for the City of Sioux Center's financial planning and control. All departments of the City are required to submit their budget requests to be included in the budgeting process. The city manager and finance director compile these requests and present the proposed budget to the City Council. The City Council considers the proposed budget, makes changes and must adopt a final budget by March 15 of each year. The final adopted budget is the framework under which the City will operate in the next fiscal year. The legal level of budgetary control is at the function level rather than at the fund level. Budget-to-actual comparisons are provided in this report for each function. No disbursements exceeded budgeted amounts for the fiscal year ended June 30, 2006.

## **Economic Condition and Outlook**

Construction activity in the City was robust in fiscal year 2005-2006. Sixteen building permits were issued for commercial construction, seventy-seven permits were issued for residential construction and four permits were issued for tax exempt construction. A total estimated taxable value of \$6,033,145 was added to the tax base compared to \$10,453,793 in the prior year.

Taxable retail sales in the City continued to increase this past year. The increase in taxable sales amounted to \$7,099,423 for a total of \$95,437,001. The City's retail sales account for 34.5% of all taxable sales in the county.

Based on current projections, we expect to see an increase in building construction in the future. Although accelerated growth has a positive impact on the local economy, it does present challenges for the orderly development of the community and keeping up with our infrastructure.

### **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements and Federal securities. These investments are made to coincide with projected cash flow requirements. Revenue bond sinking fund requirements are also invested in certificates of deposit and are available on principal and interest due dates.

### **Debt Administration**

The City has a number of debt obligations outstanding as of June 30, 2006. These issues include \$6,880,000 of general obligation debt, \$60,000 of special assessment debt and \$4,835,000 of revenue bonds. Under current State statutes, the City's legal debt limit is 5% of estimated actual valuation. As of June 30, 2006, the City's general obligation debt net of funds on hand with fiscal agents of \$6,880,000 was below the legal limit.

### **Retirement Fund Commitments**

The City is mandated by state law to be a member of the Iowa Public Employees Retirement System (IPERS). IPERS is a multiple employer plan covering all qualified state and local governmental employees.

All employees who do not participate in any other public retirement system in the state must participate in IPERS. The State of Iowa administers IPERS and the City's liability is limited to the payment of contributions collected and the City's contribution. Contribution rates currently are 3.70% of annual salary to be paid by the employee and 5.75% of annual covered payroll to be paid by the City for non-police employees. The rate for police department employees is 5.93% of annual salary to be paid by the employee and 8.90% of annual covered payroll to be paid by the City.


The City also offers its employees a deferred compensation plan which is administered by the ICMA Retirement Corporation. The City's liability in this plan is limited to the payment of employee contributions collected.


The City has made the required employee and employer contributions by the required due dates and has no other retirement programs or unfunded liabilities arising from retirement fund commitments.

## Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire finance department. We wish to express our appreciation to all staff members who assisted and contributed to its preparation. We also thank the mayor and members of the City Council for their continued interest and support of the City in a responsible and progressive manner.

Sincerely,

  
Paul Clousing  
City Manager

  
Brad Van Schouwen  
Finance Director

## Management Discussion and Analysis

June 30, 2006

As management of the City of Sioux Center, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Sioux Center for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

### Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2006 by \$52,121,688 (net assets). Of this amount, \$21,376,496 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$3,447,561 during the fiscal year. A decrease of \$1,140,369 of the total is attributable to governmental activities and an increase of \$4,587,930 to business type activities. The decrease in the governmental activities is due to capital project fund expenditures.

The City's long-term debt decreased \$1,079,000. General Obligation debt totaled \$6,880,000 and other long-term debt totaled \$4,895,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sioux Center's basic financial statements. The City of Sioux Center's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Sioux Center's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the City of Sioux Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 16-17 of this report.



## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sioux Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sioux Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sioux Center adopts an annual appropriated budget. A budget comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18- 21.

### **Proprietary Funds**

The City of Sioux Center maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activities of the electric utility, gas utility, water utility, sewer utility and Centre Mall. The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City of Sioux Center uses an internal service fund to account for its employee health insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements include a statement of cash flows in addition to the basic financial reports.

The basic proprietary fund financial statements can be found on pages 22-24.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Sioux Center's programs.

The basic fiduciary fund financial statements can be found on page 27.

## The City as a Whole

As stated earlier, net assets may serve over time as a useful indicator of the City's financial position. The largest part of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

For the fiscal year ended June 30, 2006, net assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Net Assets	\$24,724,785	\$23,400,556	\$48,125,341
Increase in Net Assets	<u>(1,140,369)</u>	<u>4,587,930</u>	<u>3,447,561</u>
Ending Net Assets	<u>\$23,584,416</u>	<u>\$27,988,486</u>	<u>\$51,572,902</u>

## Governmental Activities

Governmental activities increased the City of Sioux Center's net assets by \$3,508,970. Key elements of this increase are as follows:

	Governmental Activities		Business Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Charges for Services	\$1,398,186	\$1,337,800	\$18,945,536	\$15,924,282	\$20,343,722	\$17,262,082
Operating Grants and Contributions	518,312	538,893	219,428	219,428	737,740	538,893
Capital Grants and Contributions	116,575	158,503			116,575	158,503
General Revenues:						
Property Taxes	1,721,957	1,635,139			1,721,957	1,635,139
Tax Increment Financing	976,401	1,074,393			976,401	1,074,393
Local Option Taxes	520,697	428,672			520,697	428,672
Grants-Unrestricted		20,526				20,526
Interest	38,757	69,953	471,081	154,527	38,757	224,480
Miscellaneous	442,385	1,067,333	3,243,178	91,622	442,385	1,158,955
Gain on Sale of Fixed Assets				1,496		1,496
Transfers	<u>(327,022)</u>	<u>(312,932)</u>	<u>327,022</u>	<u>312,932</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$5,406,248</u>	<u>\$6,018,280</u>	<u>\$23,206,245</u>	<u>\$16,704,287</u>	<u>\$29,087,878</u>	<u>\$22,722,567</u>
Expenses:						
Public Safety	\$817,289	\$743,556			\$817,289	\$743,556
Public Works	1,041,100	942,212			1,041,100	942,212
Culture & Recreation	2,579,546	2,231,734			2,579,546	2,231,734
Community & Economic Development	148,772	114,083			148,772	114,083
General Government	674,592	627,660			674,592	627,660
Interest on Debt	144,415	191,846			144,415	191,846
Capital Projects	1,133,134	88,986			1,133,134	88,986

Centre Mall	896,463	751,409	896,463	751,409
Water Utility	913,444	929,888	913,444	929,888
Sewer Utility	970,703	978,266	970,703	978,266
Electric Utility	5,386,473	4,737,622	5,386,473	4,737,622
Gas Utility	10,397,592	8,009,601	10,397,592	8,009,601
Other Nonmajor				0

	Governmental Activities		Business Activities		Total	
	2006	2005	2006	2005	2006	2005
Total Expenses	<u>\$6,538,848</u>	<u>\$4,940,077</u>	<u>\$18,564,675</u>	<u>\$15,406,786</u>	<u>\$25,103,523</u>	<u>\$20,346,863</u>
Change in Net Assets	(\$1,132,600)	\$1,078,203	\$4,641,570	\$1,297,501	\$3,508,970	\$2,375,704
Net Assets-Beginning	<u>\$24,724,785</u>	<u>23,646,582</u>	<u>\$23,400,556</u>	<u>22,103,055</u>	<u>48,125,341</u>	<u>45,749,637</u>
Net Assets-Ending	<u>\$23,592,185</u>	<u>\$24,724,785</u>	<u>\$28,042,126</u>	<u>\$23,400,556</u>	<u>\$51,634,311</u>	<u>\$48,125,341</u>

Property taxes increased by \$86,818 or 5.04%.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Increased expenses in the electric and gas funds are due to the increase in cost of electricity and natural gas. They are mirrored by an increase in revenue through the charges for these services.

### Business-type Activities

Business-type activities increased the City of Sioux Center's net assets by \$4,641,570.

The net revenue (expense) by business activity is shown in the following table:

<u>Business-type activity</u>	<u>Net Revenue 2006</u>	<u>Net Revenue 2005</u>
Electric Utility	\$ 398,706	\$ 399,088
Gas Utility	3,498,555	385,264
Water Utility	166,097	83,958
Sewer Utility	292,991	(44,585)
Centre Mall	285,221	473,766
Change in Net Assets	<u>\$4,641,570</u>	<u>\$1,297,501</u>

### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term resources. Unreserved fund balance may serve as a useful measure of a government's net resources available at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$4,099,323.

The General Fund is the primary fund of the City. The General Fund balance increased by \$26,841 as of June 30, 2006.

## **Budgetary Highlights**

The City of Sioux Center adopted one budget amendment during fiscal year 2006. The total amendment increased the budget by \$4,375,529. A majority of this amendment was due to the increase in electricity and natural gas prices. Disbursements did not exceed the amended budget in fiscal year 2006.

## **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2006 amounts to \$45,431,657 (net of accumulated depreciation and related debt). Capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and all infrastructure. The total increase in governmental-type capital assets was \$188,071. The increase in capital assets in business-type activities totaled \$898,472. The total increase in capital assets for all activities for the fiscal year was \$1,086,543.

Note 5 in the Notes to the Financial Statements provides more information regarding the City's capital assets.

## **Debt Administration**

The city of Sioux Center had \$6,880,000 general obligation debt and \$4,835,000 revenue bond debt outstanding as June 30, 2006. This is a decrease of \$1,247,192 from the balance at the end of the previous fiscal year.

The City's general obligation debt is limited by the State of Iowa to 5% of the actual value of all taxable property in the community. The City's general obligation debt limit is \$13,051,648. The City's net bonded debt (total issues outstanding less funds on hand with fiscal agents) is \$6,880,000 or 53% of the total. More detailed information on debt administration is provided in Note 7 in the Notes to Financial Statements.

## **Economic Factors**

Construction activity in the City continued to increase in 2006. Sixteen permits were issued for commercial construction, seventy-seven permits were issued for residential construction and four permits were issued for tax exempt construction. Total estimated taxable value of \$6,033,145 was added to the tax base in 2006 as compared to \$10,453,793 in the prior fiscal year.

Taxable retail sales continued to increase this year. The increase in taxable sales amounted to \$7,099,423 for a total of \$95,437,001. The City's retail sales account for 34.5% of all taxable sales in the county.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-722-0761.

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of City of Sioux Center, Iowa management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above the present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa at June 30, 2006, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 14 to the financial statements, during the year ended June 30, 2004, City of Sioux Center, Iowa adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated October 4, 2006 on our consideration of City of Sioux Center, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those report are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 13 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Sioux Center, Iowa basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in pages 43 to 48, is presented for purposed of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sioux Center, Iowa  
October 4, 2006

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets

June 30, 2006

<b><u>Assets</u></b>	<b>Governmental <u>Activities</u></b>	<b>Business-type <u>Activities</u></b>	<b><u>Total</u></b>
Cash and Pooled Investments	\$4,180,667	\$10,843,184	\$15,023,851
Receivables (net of allowance for uncollectibles)			
Taxes	45		45
Special Assessments	204,115		204,115
Accounts	138,305	1,369,109	1,507,414
Notes		80,873	80,873
Accrued Interest	15,319	74,687	90,006
Due from Other Funds	413,110		413,110
Due from Other Governments	152,800		152,800
Advances	81,466	516,978	598,444
Inventory		730,837	730,837
Prepaid Expenses	130,510	68,778	199,288
Restricted Assets:			
Customer Deposits		25,283	25,283
Nonoperating Properties - Land		2,002,278	2,002,278
Investment in Joint Venture		1,738,941	1,738,941
Deferred Bond Issue Costs	26,332	66,021	92,253
Bond Discounts	14,174	82,667	96,841
Capital Assets (Net of Accumulated Depreciation)	<u>22,823,833</u>	<u>20,868,883</u>	<u>43,692,716</u>
Total Assets	<u>\$28,180,576</u>	<u>\$38,468,519</u>	<u>\$66,649,095</u>
<b><u>Liabilities and Net Assets</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$289,425	\$997,069	\$1,286,494
Accrued Interest Payable	40,098	50,740	90,838
Other Accrued Expenses	3,640		3,640
Payable from Restricted Assets - Customer Deposits		25,283	25,283
Due to Other Funds	475,182	84,463	559,645
Deferred Revenue:			
Succeeding Year Property Tax	204,160		204,160
Compensated Absences	60,087	47,862	107,949
Noncurrent Liabilities:			
Advances	81,466	253,387	334,853
Due within one Year	60,000	755,567	815,567
Due in more than one Year	<u>2,860,298</u>	<u>8,238,678</u>	<u>11,098,976</u>
Total Liabilities	<u>\$4,074,356</u>	<u>\$10,453,049</u>	<u>\$14,527,405</u>
<b><u>Net Assets</u></b>			
Investment in Capital Assets, net of Related Debt	20,451,964	9,500,725	29,952,689
Restricted:			
Library Estate	36,936		
Debt Service		755,567	755,567
Unrestricted	<u>3,617,320</u>	<u>17,759,176</u>	<u>21,376,496</u>
Total Net Assets	<u>24,106,220</u>	<u>28,015,468</u>	<u>52,121,688</u>
Total Liabilities and Net Assets	<u>\$28,180,676</u>	<u>\$38,468,517</u>	<u>\$66,649,093</u>

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

Statement of Activities  
Year ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges	Operating	Capital	Primary Government			
	Expenses	for Services	Contributions	Grants and	Governmental Business-Type	Total	
				Contributions	Activities	Activities	
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$817,289	\$39,884			\$(775,405)		\$(775,405)
Public works	1,041,100	309,319	\$518,312		(213,469)		(213,469)
Culture and recreation	2,579,546	897,259			(1,682,287)		(1,682,287)
Community & economic development	148,772	83,885			(64,887)		(64,887)
General government	674,592	40,907			(633,685)		(633,685)
Interest on long-term debt	152,184				(152,184)		(152,184)
Capital Projects	<u>1,133,134</u>			<u>\$116,575</u>	<u>(1,016,559)</u>		<u>(1,016,559)</u>
Total governmental activities	<u>6,546,617</u>	<u>1,371,254</u>	<u>518,312</u>	<u>116,575</u>	<u>(4,540,476)</u>		<u>(4,540,476)</u>
Business-type activities:							
Centre Mall	896,463	379,069			(\$517,394)		(517,394)
Water	913,444	1,044,556			131,112		131,112
Sewer	970,703	1,021,816	212,483		263,596		263,596
Electric	5,386,473	5,757,876	6,945		378,348		378,348
Gas	<u>10,397,592</u>	<u>10,688,579</u>			<u>290,987</u>		<u>290,987</u>
Total business-type activities	<u>18,564,675</u>	<u>18,891,896</u>	<u>219,428</u>		<u>564,649</u>		<u>564,649</u>
Total primary government	<u>\$25,111,292</u>	<u>\$20,263,150</u>	<u>\$737,740</u>	<u>\$116,575</u>	<u>\$(4,540,476)</u>	<u>\$546,649</u>	<u>\$(3,993,827)</u>
General revenues:							
Property tax levied for:							
General purposes					\$1,168,921		\$1,168,921
Community center					26,932		26,932
Trust and agency					553,036		553,036
Tax increment financing					976,401		976,401
Debt service					70,056		70,056
Local option sales tax					520,697		520,697
Unrestricted investment earnings					38,757	\$471,081	509,838
Miscellaneous					372,329	3,243,178	3,615,507
Transfers					<u>(327,022)</u>	<u>327,022</u>	<u>0</u>
Total general revenues and transfers					<u>3,400,107</u>	<u>4,041,281</u>	<u>7,441,388</u>
Change in net assets					1,140,369	4,587,930	3,447,561
Net assets -- beginning					<u>24,724,785</u>	<u>23,400,556</u>	<u>48,125,341</u>
Net assets -- ending					<u>\$23,584,416</u>	<u>\$27,988,486</u>	<u>\$51,572,902</u>

See notes to financial statements.



# CITY OF SIOUX CENTER, IOWA

## Balance Sheet Governmental Funds June 30, 2006

<b>Assets</b>	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Capital Project</b>	<b>Nonmajor Special Revenue</b>	<b>Total Governmental</b>
Cash and Pooled Investments	\$1,742,406	\$2,855	\$1,067,508	\$913,106	\$3,725,875
Receivables:					
Taxes	30	1		14	45
Special Assessments	187,723				187,723
Accounts	79,938		24,172		104,110
Accrued Interest	9,914		5,255		15,160
Due from Other Funds	40,538			378,896	419,434
Due from Other Governments	8,218	420		144,162	152,800
Advances to Other Funds	81,466				81,466
Prepaid Expenses	3,219				
Total Assets	<u>2,153,452</u>	<u>3,276</u>	<u>1,096,935</u>	<u>1,436,178</u>	<u>4,689,841</u>
<b>Liabilities</b>					
Accounts Payable	186,161		32,179	33,094	251,434
Due to Other Government Funds	2		475,180		475,182
Deferred Revenue:					
Succeeding Year Property Tax	187,753	1		14	187,768
Compensated Absences	60,087				60,087
Total Liabilities	<u>434,003</u>	<u>1</u>	<u>507,359</u>	<u>33,108</u>	<u>974,471</u>
<b>Fund Balances</b>					
Fund Balance:					
Advances to Other Funds	81,466				81,466
Prepaid Expenditures	3,640				3,640
Library Estate	36,936				36,936
Debt Service		3,275			3,275
Other Purpose	1,597,406		589,577	1,403,070	3,590,053
Total Fund Balance	<u>1,719,448</u>	<u>3,275</u>	<u>589,577</u>	<u>1,403,070</u>	<u>3,715,370</u>
Total Liabilities and Fund Balance	<u>\$2,153,451</u>	<u>\$3,276</u>	<u>\$1,096,936</u>	<u>\$1,436,178</u>	<u>\$ 4,689,841</u>

# CITY OF SIOUX CENTER, IOWA

Reconciliation of the Balance Sheet-  
Governmental Funds to the Statement of Net Assets  
June 30, 2006

<b>Total governmental fund balances</b>	\$3,630,264
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***Amounts reported for governmental activities in the statement of net assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets (including infrastructure) is \$31,221,387 and the accumulated depreciation is \$8,397,554.	22,823,833
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The unamortized portion of prepaid items are not current financial resources and, therefore, are not reported in the funds.	127,291
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The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	385,130
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Long-term liabilities, including bonds payable, accrued interest payable and other related accounts, are not due and payable in the current period and therefore are not reported in the governmental funds.	(2,860,298)
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<b>Net assets of governmental activities</b>	<u><b>\$24,106,219</b></u>
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See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Revenues and Expenditures Governmental Funds Year ended June 30, 2006

	General	Debt Service	Nonmajor Capital Project	Nonmajor Special Revenue	Total Governmental
<b>Revenues:</b>					
Property Taxes	\$1,074,296	\$70,056		\$550,615	\$1,694,967
TIF Revenue	0			964,944	964,944
Other City Taxes	121,588			514,670	636,228
Special Assessments	32,400	66,025			98,425
Licenses and Permits	99,355				99,355
Intergovernmental	38,614		\$71,599	521,511	631,724
Contributions					0
Charges for Services	930,449				930,449
Miscellaneous	226,234	23,337	195,828	2,000	447,399
Use of Money and Property	<u>209,714</u>	<u>394</u>	<u>44,976</u>	<u>19,906</u>	<u>274,990</u>
Total Revenues	<u>2,732,620</u>	<u>159,812</u>	<u>312,403</u>	<u>2,573,646</u>	<u>5,778,481</u>
<b>Expenditures:</b>					
Public Safety:					
Police	648,094			1,423	649,517
Fire	121,951				121,951
Ambulance	4,573				4,573
Animal Control	<u>565</u>				<u>565</u>
Total Public Safety	<u>775,186</u>	<u>0</u>	<u>0</u>	<u>1,423</u>	<u>776,606</u>
Public Works:					
Street Maintenance	118,439			105,376	223,815
Street Administration	33,307				33,307
Street Lighting	44,164				44,164
Traffic Safety	9,569				9,569
Snow Removal	60,113				60,113
Street Cleaning	35,438				35,438
Airport	66,211				66,211
Solid Waste	<u>187,075</u>				<u>187,075</u>
Total Public Works	<u>554,316</u>	<u>0</u>	<u>0</u>	<u>105,376</u>	<u>659,692</u>
Culture and Recreation:					
Museum	18,000				18,000
Parks	127,943				127,943
Sandy Hollow	55,318				55,318
Arts & Crafts	69,214				69,214
Annual Events	23,403				23,403
Recreation	125,237				125,237
Senior Center	168,538				168,538
Library	387,907				387,907
Senior Citizen Transportation	196				196
All Seasons Center	964,402				964,402
Community Center	1,355				1,355
Athletic Field	<u>156,561</u>				<u>156,561</u>
Total Culture and Recreation	<u>2,098,074</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,098,074</u>
Community and Economic Development:					
Beautification	13,422				13,422
Industrial Development	65,691				65,691
Zoning	39,614				39,614
Affordable Housing	<u>20,250</u>				<u>20,250</u>
Total Community and Economic Development	<u>138,977</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,977</u>
General Government					
Executive Administration	365,509				365,509
Financial Administration	105,858				105,858
Elections	1,134				1,134
City Hall	<u>141,725</u>				<u>141,725</u>
General Government	<u>614,226</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>614,226</u>
Debt Service:		<u>522,879</u>			<u>522,879</u>
Capital Projects:					<u>1,133,134</u>
Total Expenditures	<u>4,180,776</u>	<u>522,879</u>	<u>1,133,134</u>	<u>106,799</u>	<u>5,943,588</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,448,156)</u>	<u>(363,067)</u>	<u>(820,731)</u>	<u>2,466,847</u>	<u>165,107</u>
Other Financing Sources (Uses):					
Operating Transfers From Other Funds	2,284,435	356,880	515,923		3,157,238
Operating Transfers To Other Funds	<u>(809,438)</u>		<u>(37,358)</u>	<u>(2,637,464)</u>	<u>(3,484,260)</u>
Total Other Financing Sources (Uses)	<u>1,474,997</u>	<u>356,880</u>	<u>478,565</u>	<u>(2,637,464)</u>	<u>(327,022)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$26,841</u>	<u>\$(6,187)</u>	<u>\$(342,166)</u>	<u>\$(170,617)</u>	<u>\$(492,129)</u>

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

Reconciliation of the Statement of Revenues, Expenditures, and

Changes in Fund Balances

Governmental Funds to the Statement of Activities

Year ended June 30, 2006

<b>Net change in fund balances - Total governmental funds</b>	<b>\$(492,129)</b>
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*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life the assets. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$178,024	
Depreciation expense	(904,937)	(726,913)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt exceeded debt repayments as follows:

Bonds and loans issued	-0-	
Principal payments	\$523,300	377,570

Interest expenditures in governmental funds include interest that becomes legally payable, but interest expense in the Statement of Activities includes accrued interest payable, premium amortization, and deferred bond issue cost amortization, as follows:

Interest on long-term debt	\$(6,875)	
Bond issue amortization	(3,266)	
Bond discount amortization	(1,774)	(11,915)

Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	(12,438)
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The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(99,334)
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<b>Change in net assets of governmental activities</b>	<b><u>\$(965,159)</u></b>
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See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets - Proprietary Funds

Year ended June 30, 2006

	Electric	Natural Gas	Water	Sewer	Centre Mall	Totals	Internal Services Fund
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Pooled Investments	\$3,870,678	\$4,835,710	\$792,452	\$771,324	\$573,020	10,843,184	\$369,964
Receivables:							
Accounts	502,786	594,844	120,104	151,375		1,369,109	
Notes	80,873					80,873	
Accrued Interest	28,173	38,244	5,396	2,799	75	74,687	130
Due from Other Funds							
Due from Other Governments							
Advances to Other Funds	306,155	155,703	27,129	27,991		516,978	
Inventory	485,053	155,305	90,479			730,837	
Prepaid Expenses	14,311	7,363	15,423	18,452	13,229	68,778	
Total Current Assets	<u>5,288,029</u>	<u>5,787,169</u>	<u>1,050,983</u>	<u>971,941</u>	<u>586,324</u>	<u>13,684,446</u>	<u>370,094</u>
<b>Noncurrent Assets</b>							
Nonoperating Properties-Land	1,486,562	207,778	27,141	45,035	235,762	2,002,278	
Investment in Joint Venture	1,738,941					1,738,941	
Deferred Bond Issue Costs			36,036	1,936	28,049	66,021	
Bond Discounts			61,462	2,521	18,684	82,667	
Restricted Cash:							
Customer Deposits	9,517	10,936	4,830			25,283	
Capital Assets (net of depreciation)	<u>4,561,875</u>	<u>1,534,147</u>	<u>6,468,980</u>	<u>3,300,807</u>	<u>5,003,074</u>	<u>20,868,883</u>	
Total Noncurrent Assets	<u>7,796,895</u>	<u>1,752,861</u>	<u>6,598,449</u>	<u>3,350,299</u>	<u>5,285,569</u>	<u>24,784,073</u>	<u>0</u>
<b>Total Assets</b>	<u>13,084,924</u>	<u>7,540,030</u>	<u>7,649,432</u>	<u>4,322,240</u>	<u>5,871,893</u>	<u>38,468,519</u>	<u>370,094</u>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	390,317	525,305	39,989	30,602	10,856	997,069	9,264
Accrued Interest Payable			23,517	4,832	22,391	50,740	
Compensated Absences Payable	14,651	8,964	6,469	11,982	5,796	47,862	
Deposits	9,517	10,936	4,830			25,283	
Due to Other Funds					84,463	84,463	
Bonds, notes, and loans payable			158,875	156,692	440,000	755,567	
Total Current Liabilities	<u>414,485</u>	<u>545,205</u>	<u>233,680</u>	<u>204,108</u>	<u>563,506</u>	<u>1,960,984</u>	<u>9,264</u>
<b>Noncurrent Liabilities</b>							
Advances to Other Funds					253,387		
Bonds, notes and loans payable			3,437,488	1,606,190	3,195,000	8,238,678	
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>3,437,488</u>	<u>1,606,190</u>	<u>3,448,387</u>	<u>8,238,678</u>	<u>0</u>
<b>Total Liabilities</b>	<u>414,485</u>	<u>545,205</u>	<u>3,671,168</u>	<u>1,810,298</u>	<u>4,011,893</u>	<u>10,199,662</u>	<u>9,264</u>
<b>NET ASSETS:</b>							
Invested in capital assets, net of related debt	6,300,816	1,534,147	2,872,617	1,537,925	1,368,074	13,613,579	0
Restricted for Debt Service			298,008	222,065	582,360	1,102,433	
Unrestricted	<u>6,369,623</u>	<u>5,460,678</u>	<u>807,639</u>	<u>751,952</u>	<u>(90,434)</u>	<u>13,299,458</u>	<u>360,830</u>
Total Net Assets	<u>\$12,670,439</u>	<u>\$6,994,825</u>	<u>\$3,978,264</u>	<u>\$2,511,942</u>	<u>\$1,860,000</u>	<u>\$28,015,470</u>	<u>\$360,830</u>

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain Internal Service Fund assets and liabilities are included with business-type activities

(164,720)

Net assets of business-type activities

\$27,850,750

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund Year ended June 30, 2006

	Electric	Natural Gas	Water	Sewer	Centre Mall	Totals 2006	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>							
Charges for Services	\$5,743,669	\$10,688,579	\$1,092,046	\$1,019,689	\$376,647	\$18,920,630	\$888,964
Earnings from Joint Venture	77,585	0	0		0	77,585	
Miscellaneous	<u>15,963</u>	<u>3,241,128</u>	<u>6,150</u>	<u>2,127</u>	<u>2,421</u>	<u>3,267,789</u>	<u>90,956</u>
Total Operating Revenues	<u>5,837,217</u>	<u>13,929,707</u>	<u>1,098,196</u>	<u>1,021,196</u>	<u>379,068</u>	<u>22,266,004</u>	<u>979,920</u>
<b>Operating Expenses</b>							
Personal Services	423,620	280,591	247,865	331,887	197,073	1,481,036	
Utilities	7,580	8,022	61,376	97,002	40,854	214,834	
Repairs and Maintenance	304,582	89,350	114,455	92,328	17,221	617,936	
Taxes	11,727	2,313	0	0	185,364	199,404	
Other Supplies	81,002	70,703	63,978	58,172	23,401	297,256	
Insurance Expenses	19,909	10,209	20,302	23,697	16,260	90,377	
Depreciation and Amortization	464,003	111,258	230,542	262,364	173,353	1,241,520	
Legal and Professional	4,150	5,693	4,032	4,824	2,037	20,736	
Advertising	47,803	35,526	0	0	50,005	133,334	
Miscellaneous	0	0	0	0	0	0	720,418
Resale Purchases	<u>3,905,700</u>	<u>9,750,547</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,656,247</u>	
Total Operating Expenses	<u>5,270,076</u>	<u>10,364,212</u>	<u>742,550</u>	<u>870,274</u>	<u>705,568</u>	<u>17,952,680</u>	<u>720,418</u>
Total Operating Income (Loss)	567,141	3,565,495	355,646	151,542	(326,500)	4,313,324	259,502
<b>Nonoperating Revenues (Expenses)</b>							
Interest and Investment Revenue	133,456	86,230	31,785	29,395	8,048	288,914	4,552
Gain (Loss) on Sale of Assets	27,580		4,560			32,140	
Land Rental	54,478	17,964				72,442	
Interest Expense			(144,946)	(68,417)	(165,468)	(378,831)	
Total Nonoperating Revenue (Expenses)	<u>215,514</u>	<u>104,194</u>	<u>(108,601)</u>	<u>(39,022)</u>	<u>(157,420)</u>	<u>14,665</u>	<u>4,552</u>
Income (Loss) Before Contributions and transfers	<u>782,655</u>	<u>3,669,689</u>	<u>247,045</u>	<u>112,520</u>	<u>(483,920)</u>	<u>4,327,989</u>	<u>264,054</u>
<b>Transfers In</b>					802,407	802,407	112,000
<b>Transfers Out</b>	<u>(274,790)</u>	<u>(237,435)</u>	<u>(55,000)</u>	<u>(8,960)</u>	<u>(7,840)</u>	<u>(584,025)</u>	
Change in Net Assets	507,865	3,432,254	192,045	103,560	310,647	4,546,371	376,054
Total Net Assets - Beginning	<u>12,162,575</u>	<u>3,562,570</u>	<u>3,786,219</u>	<u>2,408,379</u>	<u>1,549,353</u>	<u>23,469,096</u>	<u>(15,224)</u>
Total Net Assets - Ending	<u>\$12,670,440</u>	<u>\$6,994,824</u>	<u>\$3,978,254</u>	<u>\$2,511,939</u>	<u>\$1,860,000</u>	<u>\$28,015,467</u>	<u>\$360,830</u>

Some amounts reported for business-type activities in the Statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business type activities

(164,720)

Adjusted net assets, business-type enterprises

\$27,850,747

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds Year ended June 30, 2006

	<u>Business Type Activities</u>						Governmental Activities - Internal Service Funds
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Total</u>	
<b>Cash Flows from Operating Activities</b>							
Received from customers	\$5,684,322	\$11,004,273	\$1,062,393	\$943,853	\$376,647	\$19,071,488	\$847,567
Payments to suppliers for goods & services	(4,157,433)	(7,261,909)	(200,469)	(323,290)	(333,173)	(12,276,274)	(588,065)
Payments to employees for services	(424,042)	(283,340)	249,687	333,405	(197,473)	1,486,947	0
Net cash provided (used) by operating activities	<u>1,102,847</u>	<u>3,460,024</u>	<u>612,237</u>	<u>287,158</u>	<u>153,999</u>	<u>5,308,267</u>	<u>259,502</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Operating subsidies & transfers to other funds	(274,790)	(237,435)	(55,000)	(8,960)	794,567	218,382	112,000
Due from (to) other funds							
Advances from (to) other funds	0	0	0	0	0	0	0
Net cash provided (used) by noncapital financing activities	<u>(274,790)</u>	<u>(237,435)</u>	<u>(55,000)</u>	<u>(8,960)</u>	<u>794,567</u>	<u>218,382</u>	<u>112,000</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>							
Acquisition & construction of capital assets	(235,352)	(39,714)	(437,846)	(173,038)	(12,522)	(898,472)	
Bond Costs							
Principal paid on debt			(153,052)	(150,840)	(420,000)	(723,892)	
Bonds Costs			(5,694)	(764)	(8,757)	(15,214)	
Investment in joint venture	(77,585)					(77,585)	
Investment in nonoperating properties	<u>(233,920)</u>					<u>(233,920)</u>	
Net cash provided (used) by operating activities	<u>(546,857)</u>	<u>(39,714)</u>	<u>(596,591)</u>	<u>(324,643)</u>	<u>(441,279)</u>	<u>(1,949,083)</u>	0
<b>Cash Flows from Investing Activities</b>							
Purchase of investment securities	(4,527,492)	(5,633,053)	(1,310,000)	(1,250,000)	(500,000)	(13,220,545)	(400,000)
Proceeds from sale of investment securities	4,527,492	5,633,053	1,310,000	1,250,000	500,000	13,220,545	400,000
Interest & dividends on investments	130,097	82,869	31,785	28,935	8,048	281,734	4,552
Other nonoperating revenues (expenses)	85,417	21,325	(140,386)	(67,957)	(165,468)	(267,069)	(0)
Net cash provided (used) by operating activities	<u>215,514</u>	<u>104,194</u>	<u>(108,601)</u>	<u>(39,022)</u>	<u>(157,420)</u>	<u>14,665</u>	<u>4,552</u>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	496,714	3,287,069	(147,955)	(85,466)	41,869	3,592,231	376,054
<b>Balances - beginning of the year</b>	<u>3,064,357</u>	<u>1,200,350</u>	<u>1,215,420</u>	<u>687,226</u>	<u>576,570</u>	<u>6,743,923</u>	<u>227,747</u>
<b>Balances - end of the year</b>	<u>\$3,561,071</u>	<u>\$4,487,419</u>	<u>\$1,067,465</u>	<u>\$601,760</u>	<u>\$618,439</u>	<u>\$10,336,154</u>	<u>\$603,801</u>

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds Year ended June 30, 2006

	<u>Business Type Activities</u>						Governmental Activities - Internal Service Funds
	<u>Electric</u>	Natural <u>Gas</u>	<u>Water</u>	<u>Sewer</u>	Centre <u>Mall</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$567,141	\$3,565,495	\$355,646	\$151,542	\$(326,500)	\$4,313,324	\$259,502
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation & amortization expense	532,448	111,258	230,542	49,881	173,353	1,097,482	
Increase (Decrease) in assets:							
Receivables, net	13,874	(279,276)	33,046	76,362	(2,389)	(158,383)	
Due from other governments							
Inventories	(3,604)	29,274	(1,793)			23,877	
Prepaid expenses	384	22	1,770	1,109	(445)	2,840	
(Increase) Decrease in liabilities:							
Accounts payable	(6,974)	35,000	(5,152)	9,872	2,382	35,038	
Accrued expenses	<u>(422)</u>	<u>(1,749)</u>	<u>(1,822)</u>	<u>(1,518)</u>	<u>(400)</u>	<u>(5,911)</u>	
Total adjustments	<u>535,706</u>	<u>(105,471)</u>	<u>256,591</u>	<u>135,616</u>	<u>172,501</u>	<u>994,943</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$1,102,847</u>	<u>\$3,460,024</u>	<u>\$612,237</u>	<u>\$287,158</u>	<u>(\$153,999)</u>	<u>\$5,308,267</u>	<u>\$259,502</u>
Reconciliation of Cash & Cash Equivalents to the Balance Sheet							
Cash & Pooled Investments	\$3,551,554	4,476,483	\$1,062,635	\$601,760	\$618,439	\$10,310,871	\$603,801
Restricted Cash	<u>9,517</u>	<u>10,936</u>	<u>4,380</u>	<u>          </u>	<u>          </u>	<u>25,283</u>	<u>          </u>
	<u>\$3,561,071</u>	<u>\$4,487,419</u>	<u>\$1,067,465</u>	<u>\$601,760</u>	<u>\$618,439</u>	<u>\$10,336,154</u>	<u>\$603,801</u>

See notes to financial statements.



# CITY OF SIOUX CENTER, IOWA

## Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2006

### Assets

Cash and Pooled Investments	\$84,828
Receivable:	
Special Assessments	16,392
Accounts	34,195
Accrued Interest	20
Total Assets	<u>\$135,435</u>

### Liabilities

Accounts Payable	\$28,727
Due to Other Funds	6,324
Due to Bondholder	60,000
Accrued Expenses	23,992
Deferred Revenue	<u>16,392</u>
Total Liabilities	<u>\$135,435</u>

### Net Assets

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2006

## (1) Summary of Significant Accounting Policies

The City of Sioux Center, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the City Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides electric, natural gas, water and sewer utilities, and a municipal shopping mall for its citizens.

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

### A. Reporting Entity

For financial reporting purposes, City of Sioux Center, Iowa has included all funds, organizations, agencies, boards and commissions. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City would cause the financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

### B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions; these are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's long-term general obligation debt.

The Capital Projects Funds is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the City reports the following major proprietary funds:

Electric Utility - The electric utility accounts for the operation of a municipally owned electric system, which distributes electrical power to the residents of the City.

Natural Gas Utility - The natural gas utility accounts for the operation of a municipally owned natural gas system, which distributes natural gas to the residents of the City.

Water Utility - The water utility accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Sewer Utility - The sewer utility accounts for the operation of a municipally owned sewage collection and treatment facility, which provides services to the residents of the City.

Centre Mall - The Centre Mall fund accounts for the operation of a municipally owned shopping mall which provides retailers with store space pursuant to a lease agreement.

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-recovery basis.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City's considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's funds are charges to customers for sales and services. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

Property tax receivable is recognized in these funds on the lien date. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and receivable in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget adopted by the City Council in March 2006.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method.

Capital Assets - Capital assets, which include land, buildings, improvements, equipment, and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the governmentwide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40-50
Building Improvements	25-50
Infrastructure	30-50
Equipment	3-20
Vehicles	3-10

Deferred Payments - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current property or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### E. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program.

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements did not exceed the amounts budgeted.

### (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City's at year end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City's investments at June 30, 2006 are as follows:

<u>Type</u>	<u>Fair Value</u>
Perfected Repurchase Agreements	\$11,226,384

### (3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2006 is as follows:

<u>Due to Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>
General	Capital Project-Trail Extension	\$7,756
Road Use Tax	Cap project - Biotech	30,260
Road Use Tax	Cap project - 14th St.	18,301
Road Use Tax	Cap project - Local Resurfacing	133,488
Road Use Tax	Cap project - Intersection Widening	234,774
Revolving Fund	Sales Tax Payable	6,324
Total		<u>\$430,903</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.



# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements  
June 30, 2006

## (4) Long Term Advances

As of June 30, 2006 long term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Internal Service Agency - Equipment Revolving	\$76,863
Proprietary - Electric	Internal Service Agency - Equipment Revolving	103,445
Proprietary - Gas	Internal Service Agency - Equipment Revolving	20,563
Proprietary - Water	Internal Service Agency - Equipment Revolving	27,129
Proprietary - Sewer	Internal Service Agency - Equipment Revolving	27,991
Proprietary - Electric	Proprietary - Centre Mall	202,710
Proprietary - Gas	Proprietary - Centre Mall	135,140
General - Taxi	Internal Service Agency - Equipment Revolving	192
General - Community Center	Internal Service Agency - Equipment Revolving	391
General - Athletic Fund	Internal Service Agency - Equipment Revolving	<u>4,019</u>
Total		<u><u>\$598,443</u></u>

## (5) Capital Assets

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2006</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$460,920			\$460,920
Construction in progress	<u>657,520</u>	<u>\$931,315</u>		<u>1,588,835</u>
Total capital assets not being depreciated	<u>1,118,440</u>	<u>931,315</u>	<u>0</u>	<u>2,049,755</u>
Capital assets being depreciated:				
Buildings	11,225,545	18,000		11,243,545
Improvements	2,549,887	30,532		2,580,419
Equipment	3,117,893	139,539		3,257,432
Infrastructure	<u>13,021,552</u>	<u>      </u>		<u>13,021,552</u>
Total capital assets being depreciated	<u>29,914,877</u>	<u>188,071</u>	<u>0</u>	<u>30,102,948</u>
Less Accumulated Depreciation for:				
Buildings	1,392,265	281,939		1,674,204
Improvements	1,769,008	126,370		1,895,378
Equipment	1,874,698	236,193		2,110,891
Infrastructure	<u>2,717,082</u>	<u>      </u>		<u>2,717,082</u>
Total Accumulated Depreciation	<u>7,753,053</u>	<u>644,502</u>	<u>0</u>	<u>8,397,555</u>
Total capital assets being depreciated, net	<u>22,161,824</u>	<u>(456,431)</u>	<u>0</u>	<u>21,705,393</u>
Governmental activities capital assets, net	<u>\$23,280,264</u>	<u>474,884</u>	<u>0</u>	<u>\$23,755,148</u>



# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2006

	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2006</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$382,900			\$382,900
Construction in Progress	<u>195,095</u>			<u>195,095</u>
Total capital assets not being depreciated	<u>577,995</u>	<u>0</u>	<u>0</u>	<u>577,995</u>
Capital assets being depreciated:				
Buildings	7,561,957			7,561,957
Improvements	362,381			362,381
Equipment	1,546,666	\$70,965		1,617,631
Utility Plant	<u>32,406,307</u>	<u>827,507</u>		<u>33,233,814</u>
Total capital assets being depreciated	<u>41,877,311</u>	<u>898,472</u>	<u>0</u>	<u>42,775,783</u>
Less: Accumulated Depreciation	<u>20,911,922</u>	<u>1,210,425</u>		<u>22,122,347</u>
Total capital assets being depreciated, net	<u>20,965,389</u>	<u>(311,952)</u>	<u>0</u>	<u>20,653,437</u>
Business-type activities capital assets, net	<u>\$21,543,384</u>	<u>\$(311,952)</u>	<u>\$0</u>	<u>\$21,231,432</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

Public Safety	\$72,869
Public Works	375,705
Culture and Recreation	435,895
General Government	<u>20,468</u>

Total depreciation expense - governmental activities \$904,937

**Business-Type Activities**

Electric	\$432,909
Natural Gas	111,258
Water	230,542
Sewer	262,364
Centre Mall	<u>173,353</u>

Total depreciation expense - business-type activities \$1,210,425

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2006

## Reconciliation of Investment in Capital Assets:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land	\$460,920	\$382,900
Construction in Progress	657,520	195,095
Capital Assets (net of accumulated depreciation)	22,161,824	20,653,437
Less: General Obligation Bonds Payable	(2,697,045)	(4,242,955)
Revenue Bonds	<u>                    </u>	<u>(4,835,000)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$20,583,218</u>	<u>\$12,153,447</u>

## (6) Investment in Joint Venture

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the power source to the Northwest Iowa Power Cooperative. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.90 percent share of the venture with twelve other cities sharing in their ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund. Separately issued audited financial statements of the Associated are available from Missouri Basin Municipal Electric Cooperative Association.

## (7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	General <u>Obligation</u>	Revenue	Total
Bonds Payable - July 1, 2005	\$7,898,192	\$5,064,000	\$12,962,192
Bonds Issued			
Bonds Retired	<u>(1,018,192)</u>	<u>(229,000)</u>	<u>(1,247,192)</u>
Bonds Payable - June 30, 2006	<u>\$6,880,000</u>	<u>\$4,835,000</u>	<u>\$11,715,000</u>

Details of above general obligations and special assessment bonds payable at June 30, 2006 are as follows:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final Due <u>Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding June 30, <u>2006</u>
General Obligation						
Centre Mall	2004	2.25-3.65 %	2015	\$125,000-165,000	\$1,420,000	\$1,295,000
General Obligation	2000	5.20-6.60 %	2012	20,000-120,000	975,000	695,000
General Obligation	2001	4.4647 %	2012	58,132-83,710	702,235	455,755
General Obligation	2002	4.00-5.00 %	2021	55,000-95,000	1,315,000	1,115,000
Refunding Bonds-A	2003	1.2-3.0 %	2010	140,000-160,000	1,050,000	620,000
Refunding Bonds-B	2003	1.5-3.25 %	2010	85,000-95,000	625,000	455,000
Centre Mall	1998	4.50-4.90 %	2018	70,000-150,000	1,835,000	1,375,000
Centre Mall	2000	5.10-5.70 %	2011	50,000-80,000	690,000	345,000
Water Utility	2001	4.4647 %	2012	20,582-29,638	248,630	161,363
Sewer Utility	2001	4.4647 %	2012	46,286-66,652	559,135	362,882
Total					<u>\$9,670,500</u>	<u>\$6,880,000</u>

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements June 30, 2006

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2006</u>
Revenue:						
Sewer	1993	3.74 %	2017	\$39,000-79,000	\$1,140,000	\$728,000
Sewer	1994	4.54 %	2034	25,000-425,000	1,024,000	671,000
Water	2005	3.75-4.3 %	2024	130,000-270,000	<u>3,565,000</u>	<u>3,435,000</u>
Total Revenue					<u>\$6,064,000</u>	<u>\$4,835,000</u>
Special Assessment	1997	6.25 %	2006	\$60,000	<u>\$540,000</u>	<u>\$60,000</u>

The General Obligation Bonds are to be retired through property tax levies. Revenue Bonds and Notes Payable are to be retired through Enterprise Fund Revenues. Special assessments are to be retired through special assessment tax levies. The City is not obligated for special assessment debt.

The annual requirements to amortize all debt outstanding as of June 30, 2006, are as follows:

<u>Year Ending June 30</u>	<u>General Obligation Principal</u>	<u>Interest on General Obligation Debt</u>	<u>Revenue Bond Principal</u>	<u>Interest on Revenue Bonds</u>	<u>Total</u>
2007	\$825,000	\$286,888	\$238,000	\$179,546	\$1,528,507
2008	855,000	256,888	248,000	171,394	1,531,282
2009	895,000	224,828	257,000	162,904	1,539,732
2010	930,000	189,755	266,000	154,106	1,539,861
2011	750,000	151,872	276,000	144,926	1,322,798
Thereafter	<u>2,625,000</u>	<u>485,769</u>	<u>3,555,000</u>	<u>943,744</u>	<u>7,604,513</u>
	<u>\$6,880,000</u>	<u>\$1,595,497</u>	<u>\$4,835,000</u>	<u>\$1,756,620</u>	<u>\$15,067,117</u>

### (8) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 % of their annual covered salary and the City is required to contribute 5.75 % of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.93 % and 8.90 % respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$256,763, \$245,538 and \$227,264, respectively, equal to the required contributions for each year.

### 9) Major Customers

During the year ended June 30, 2006, charges for services provided by the natural gas utility of the City to Siouxland Energy was \$5,562,634 or 52 % of total natural gas revenues. Total charges to Sioux Preme Egg for sewer services for the year was \$185,730 or 20 % of total sewer revenues.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2006

## (10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## (11) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$16,416 in goods and \$285,109 in interest income during the year ended June 30, 2006.

## (12) Employee Health Insurance Plan

The Employee Group Health Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Standard Life Insurance. The agreement is subject to automatic renewal provision. The City assumes liability for claims up to the individual stop loss limitation of \$25,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Sioux Center Health Care Plan are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Standard Life Insurance from the Sioux Center Health Care Plan. The City records the plan assets and related liabilities of the Sioux Center Health Care Plan as Internal Service Fund. The City's contribution to the fund for the year ended June 30, 2006 was \$867,063.

Amounts payable from the Sioux Center Health Care Plan at June 30, 2006 total \$67,939, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims. That reserve was \$112,182 at June 30, 2006 and is reported as a designation of the Sioux Center Health Care Plan retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2005	<u>\$112,182</u>
Incurred claims (including claims incurred but not reported at June 30, 2006):	
Provision for current-year events where the City has retained risk of loss	509,322
	<u>          </u>
Total incurred claims	<u>\$621,504</u>
Payments:	
Claims attributable to current-year events where the City has retained risk of loss	553,565
	<u>          </u>
Total payments	<u>\$553,565</u>
	<u>          </u>
Unpaid claims at June 30, 2006	<u>\$67,939</u>

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2006

## **(13) Accounting Change**

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statements Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences were implemented during fiscal year 2003. The statements create new basic financial statements for reporting the City's financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor special revenue funds are presented in total in one column.

## **(14) Deficit Fund Balance**

Eight Capital Projects Funds had deficit balances of \$484,418 at June 30, 2006. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grant monies, and property assessments.

### **Required Supplementary Information**

# **CITY OF SIOUX CENTER, IOWA**

## **Required Supplementary Information Notes to Required Supplementary Information - Budgetary Reporting June 30, 2006**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrued basis following required public notice and hearing for all funds, except internal service, nonexpendable trust, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue fund, debt service fund, capital projects funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendment increased budgeted disbursements by \$7,074,356. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2006, disbursements did not exceed the amounts budgeted.

CITY OF SIOUX CENTER, IOWA

Required Supplementary Information  
Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds  
Year ended June 30, 2006

	Governmental Fund Types <u>Actual</u>	Proprietary Fund Type <u>Actual</u>	Less Funds not Required to be Budgeted	<u>Net</u>	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive (Negative)
					<u>Original</u>	<u>Final</u>	
Receipts:							
Property Tax	\$2,209,637			\$2,209,637	\$1,800,738	\$2,143,097	\$66,540
Tax increment financing collections	964,944			964,944	1,038,900	1,038,900	(73,956)
Other city tax	121,588			121,558	463,349	137,490	(15,932)
License and permits	99,355			99,355	77,875	100,375	(1,020)
Use of money and property	274,990	\$393,496	\$4,552	663,934	203,670	420,455	243,455
Intergovernmental	631,724			631,724	762,235	3,027,635	(2,395,911)
Charges for service	930,449	18,873,963	888,963	18,914,873	17,728,764	21,787,759	(2,872,886)
Special assessments	98,425			98,425	84,270	608,020	(509,595)
Miscellaneous	<u>447,399</u>	<u>3,565,463</u>	<u>90,956</u>	<u>3,921,906</u>	<u>687,800</u>	<u>3,321,565</u>	<u>600,341</u>
Total receipts	5,778,481	22,832,346	984,471	27,626,356	22,847,601	32,585,296	(4,958,940)
Disbursements:							
Public safety	776,606			776,606	700,280	874,765	98,159
Public works	659,692			659,692	984,465	1,036,515	376,823
Culture and recreations	2,118,324			2,118,324	1,958,240	2,293,550	175,226
Community and economic development	118,726			118,726	131,009	133,310	14,584
General government	614,226			614,226	548,545	671,845	57,619
Debt service	522,879			522,879	525,215	523,215	336
Capital projects	1,133,134			1,133,134	1,060,840	7,449,750	6,316,616
Business-type	<u>0</u>	<u>18,399,956</u>	<u>720,418</u>	<u>17,679,538</u>	<u>18,807,124</u>	<u>21,144,964</u>	<u>3,465,426</u>
Total disbursements	5,943,587	18,399,956	720,418	23,623,125	24,715,718	34,127,914	10,504,789
Excess of receipts over disbursements	(165,106)	4,432,390	264,053	4,003,231	(1,868,117)	(1,542,618)	5,545,849
Other financing sources, net	<u>(327,022)</u>	<u>218,382</u>	<u>108,640</u>	<u>0</u>	<u>141,360</u>	<u>1,400,000</u>	<u>(1,400,000)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>\$492,128</u>	<u>\$4,650,772</u>	<u>\$372,693</u>	<u>\$4,003,231</u>	<u>\$1,726,757</u>	<u>\$142,618</u>	<u>\$4,145,849</u>

See accompanying independent auditor’s report.



## **Other Supplementary Information**

# CITY OF SIOUX CENTER, IOWA

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2006

<u>Assets</u>	Local Option <u>Sales Tax</u>	Road Use <u>Tax</u>	TIF/ <u>SSMID</u>	Trust & <u>Agency</u>	Task <u>Force</u>	<u>LHAP</u>	<u>Totals</u>
Cash and Cash							
Equivalents	\$4,066	\$788,240	\$6,028	\$107,783	\$6,435	\$551	\$913,106
Taxes Receivable				14			14
Due from Other Governments	41,052	96,999	2,317	3,794			144,162
Due from Other Funds	<u>          </u>	<u>378,896</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>378,896</u>
 Total Assets	 <u>\$45,119</u>	 <u>\$1,264,135</u>	 <u>\$8,347</u>	 <u>\$111,591</u>	 <u>\$6,435</u>	 <u>\$551</u>	 <u>\$1,436,178</u>
 <u>Liabilities</u>							
Accounts Payable		\$33,094					\$33,094
Deferred Revenue	<u>          </u>	<u>          </u>	<u>          </u>	\$14	<u>          </u>	<u>          </u>	14
 Total Liabilities	 <u>          </u>	 <u>33,094</u>	 <u>          </u>	 <u>14</u>	 <u>          </u>	 <u>          </u>	 <u>33,108</u>
 <u>Fund Balance</u>							
Unreserved-Undesignated	<u>45,119</u>	<u>1,231,041</u>	<u>8,347</u>	<u>111,577</u>	<u>6,435</u>	<u>551</u>	<u>1,403,070</u>
Total Liabilities &	<u>\$45,119</u>	<u>\$1,264,135</u>	<u>\$8,347</u>	<u>\$111,577</u>	<u>\$6,435</u>	<u>\$551</u>	<u>\$1,436,178</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF SIOUX CENTER, IOWA

Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2006

<u>Assets</u>	Local Option <u>Sales Tax</u>	Road Use <u>Tax</u>	TIF/ <u>SSMID</u>	Trust & <u>Agency</u>	Task <u>Force</u>	<u>LHAP</u>	<u>Totals</u>
Revenues:\$							
Property Taxes	\$514,670			\$550,615			\$1,065,285
TIF Revenue			\$964,944				964,944
Other City Taxes							
Intergovernmental		\$518,312			\$3,199		521,511
Use of Money and							
Property	6,027		11,458	2,421			12,500
Miscellaneous	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>2,000</u>	<u>          </u>	<u>2,000</u>
Total Revenues	<u>520,697</u>	<u>518,312</u>	<u>976,402</u>	<u>553,036</u>	<u>5,199</u>		<u>2,573,646</u>
Expenditures:							
Current Operating:							
Public Works		105,376					105,376
Public Safety	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,423</u>		<u>1,423</u>
Total Expenditures	<u>          </u>	<u>105,376</u>	<u>          </u>	<u>          </u>	<u>1,423</u>		<u>106,798</u>
Excess (Deficiency) of							
Revenues Over							
Expenditures	520,697	421,936	976,402	553,036	3,777		2,466,848
Other Financing (Uses)							
Operating Transfers to Other							
Funds	(538,000)	(578,565)	(973,294)	(547,605)			(2,637,464)
Excess (Deficiency) of							
Revenues Over Expenditures							
and Other Uses	(17,303)	(165,629)	3,108	5,431	3,777		(170,616)
Fund Balances at Beginning							
of Year	<u>62,421</u>	<u>1,396,669</u>	<u>5,239</u>	<u>106,146</u>	<u>\$2,659</u>	<u>\$551</u>	<u>1,573,685</u>
Fund Balances at							
End of Year	<u>\$45,118</u>	<u>\$1,231,040</u>	<u>\$8,347</u>	<u>\$111,577</u>	<u>\$6,436</u>	<u>\$551</u>	<u>\$1,403,069</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2006

	14th Street NE	Biotech Park	Local Resurfacing	Airport Lighting	Mulit-Family Complex	Intersection Widening	7th St. NW	Trail Extension	Airport Improvements	Library Fire	Total
ASSETS											
Cash and Cash Equivalents									\$148,435	\$919,074	\$1,067,508
Account Receivable			\$11,599							12,573	24,172
Accrued Interest									88	5,168	5,255
Total Assets			11,599						148,522	936,815	1,096,935
LIABILITES AND FUND BALANCE											
Liabilities											
Accounts Payable	\$586		\$3,661	\$507		\$16,101				\$11,091	\$31,929
Due to Other Funds	18,301	\$30,260	133,488	32,782	\$3,034	234,774	\$14,784	\$7,756			475,180
Total Liabilites	18,869	30,260	137,149	33,289	3,034	250,876	14,784	7,756		11,091	507,109
Fund Balance (Deficit)											
Unreserved - Undesignated	(18,869)	(30,260)	(125,551)	(33,289)	(3,034)	(250,876)	(14,784)	7,756	\$148,522	925,723	589,827
Total Liabilites and Fund Balance			\$11,599						\$148,522	\$925,723	\$1,096,936

The accompanying notes are an integral  
part of the financial statements

CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2006

	14th Street NE	Biotech Park	Local Resurfacing	12th Street NE	Intersection Widening	7th Ave. NE	Trail Extension	Airport Improvements	Library Fire	Airport Lighting	Multi-Family Complex	7th Street NW	Totals
Revenues:													
Use of Money & Property									\$41,146				\$44,976
Intergovernmental			\$11,599					\$3,830	6,000				71,599
Miscellaneous	<u>\$90,191</u>		<u>3,146</u>			<u>\$70,492</u>			<u>32,000</u>				<u>195,828</u>
Total Revenues	90,191		14,744			70,492		3,830	133,146				312,403
Expenditures:													
Capital Projects	<u>309,530</u>	<u>\$348</u>	<u>408,951</u>	<u>\$9,967</u>	<u>\$215,544</u>	<u>31,742</u>		<u>10,000</u>	<u>95,945</u>	<u>\$33,289</u>	<u>\$3,034</u>	<u>\$14,784</u>	<u>1,133,134</u>
Total Expenditures	<u>309,530</u>	<u>348</u>	<u>408,951</u>	<u>9,967</u>	<u>215,544</u>	<u>31,742</u>		<u>10,000</u>	<u>95,945</u>	<u>33,289</u>	<u>3,034</u>	<u>14,784</u>	<u>1,133,134</u>
Express (Deficiency) of Revenues Over													
Expenditures	(219,340)	(348)	(394,207)	(9,967)	215,544	38,750		(6,170)	37,201	33,289	(3,034)	(14,784)	(820,731)
Transfers	215,052		290,764	10,107		(37,358)							478,565
Fund (Deficit) at Beginning of Year	<u>(14,581)</u>	<u>(29,912)</u>	<u>(22,108)</u>	<u>(140)</u>	<u>(35,332)</u>	<u>(1,392)</u>		<u>154,692</u>	<u>888,273</u>				<u>931,744</u>
Fund (Deficit) at End of Year	<u>\$(18,869)</u>	<u>\$(30,260)</u>	<u>\$(125,550)</u>	<u>(0)</u>	<u>\$(250,876)</u>	<u>(0)</u>	<u>\$(7,756)</u>	<u>\$148,522</u>	<u>\$925,474</u>	<u>\$(33,289)</u>	<u>\$(3,034)</u>	<u>\$(14,784)</u>	<u>\$589,758</u>

The accompanying notes are an integral  
part of the financial statements

# CITY OF SIOUX CENTER, IOWA

## Schedule of Receipts By Source and Disbursements By Function - All Governmental Fund Types

For the Last Four Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts:				
Property taxes	\$2,209,637	\$1,621,949	\$1,541,583	\$1,475,319
Tax increment financing collections	964,944	1,074,393	1,031,418	731,104
Other city taxes	121,558	441,862	447,695	421,293
Licenses and permits	99,355	85,507	76,817	83,925
Use of money and property	274,990	176,623	129,093	147,703
Intergovernmental	631,724	704,756	1,744,167	4,548,531
Charges for service	930,449	994,073	631,281	307,936
Special assessments	98,425	25,889	86,469	152,031
Miscellaneous (including contributions)	<u>447,399</u>	<u>1,206,159</u>	<u>1,655,539</u>	<u>3,741,885</u>
Total	<u>5,778,481</u>	<u>\$6,331,211</u>	<u>\$7,344,062</u>	<u>\$11,609,727</u>
Disbursements				
Public safety	776,606	725,681	636,876	612,478
Public works	659,692	585,562	625,173	837,560
Culture & recreation	2,118,324	1,912,132	1,845,690	1,060,886
Community & economic development	118,726	111,704	172,788	174,244
General government	614,226	644,968	483,381	452,608
Debt service	522,879	491,428	1,099,441	428,391
Capital projects	<u>1,133,134</u>	<u>666,256</u>	<u>2,169,779</u>	<u>8,992,000</u>
Total	<u>\$5,943,587</u>	<u>\$5,137,731</u>	<u>\$7,033,128</u>	<u>\$12,558,167</u>

The accompanying notes are an integral part of the financial statements.

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Honorable Mayor and Members of the City Council:

We have audited the financial statements of City of Sioux Center, Iowa as of and for the year ended June 30, 2006, and have issued our report thereon dated October 4, 2006. We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Sioux Center, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City of Sioux Center, Iowa's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the City of Sioux Center, Iowa. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comment has been continued, see item IV-K-06.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Sioux Center, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Sioux Center, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and may not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our considerations of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses in planning and performing the audit.

This report is intended for the information of the City of Sioux Center, Iowa, the federal awarding agency and other grantor agencies. However, this report is a matter of public record and its distribution is not limited.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Sioux Center, Iowa during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Sioux Center, Iowa  
October 4, 2006



# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2006

### Part I: Summary of the Independent Auditor's Results

- a) An unqualified opinion was issued on the financial statements.
- b) No reportable conditions in internal control over financial reporting were found during the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No reportable conditions in internal control over major programs were found during the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit found no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a)
- g) Major programs were as follows: NONE
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
- i) City of Sioux Center, Iowa did not qualify as a low-risk auditee.

### Part II: Findings Related to the General Purpose Financial Statements:

REPORTABLE CONDITIONS: NONE

### Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE: NONE

REPORTABLE CONDITIONS: NONE

### Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-06 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- IV-B-06 Certified Budget - Total disbursements during the year ended June 30, 2006 did not exceed the amounts budgeted.
- IV-C-06 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-06 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-E-06 Business Transactions - Business transactions between the City and the City officials or employees detailed as follows:

Name, Title, and <u>Business Connection</u>	Transaction <u>Description</u>	<u>Amount</u>
W. Dale Den Herder, Council Member President of American State Bank	Interest Income	\$285,109
Dennis Walstra, Mayor Walstra Plumbing & Heating	Supplies	\$12,757
Randy Vreugdenhil, Council Member Hills Electronics	Computers and Supplies	\$3,659

In accordance with Chapter 362.5(2), the transaction with the bank does not appear to be a conflict of interest because American State Bank has been designated as a depository, paying agent, or for investment of funds. The transaction with Walstra Plumbing & Heating and Hills Electronics do not appear to represent a conflict of interest because competitive bidding was not required for amounts under \$25,000, in accordance with Iowa Code.

IV-F-06 Bond Coverages - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-G-06 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-06 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City investment policy were noted.

IV-I-06 Revenue Bonds - The City has complied with the provisions of the revenue bond indentures which state that the bonds and interest are payable solely and only from the net earnings of the activities.

IV-J-06 Exemption from Federal Income Tax - The City of Sioux Center is a public municipality and is exempt from federal income taxes.

IV-K-06 Publication of Salaries - It was noted that salaries were not published.

Recommendation - Insure that annual salaries are published.

Response - Comment noted.

Conclusion - Response noted, auditor reiterated the State requirement should be followed.

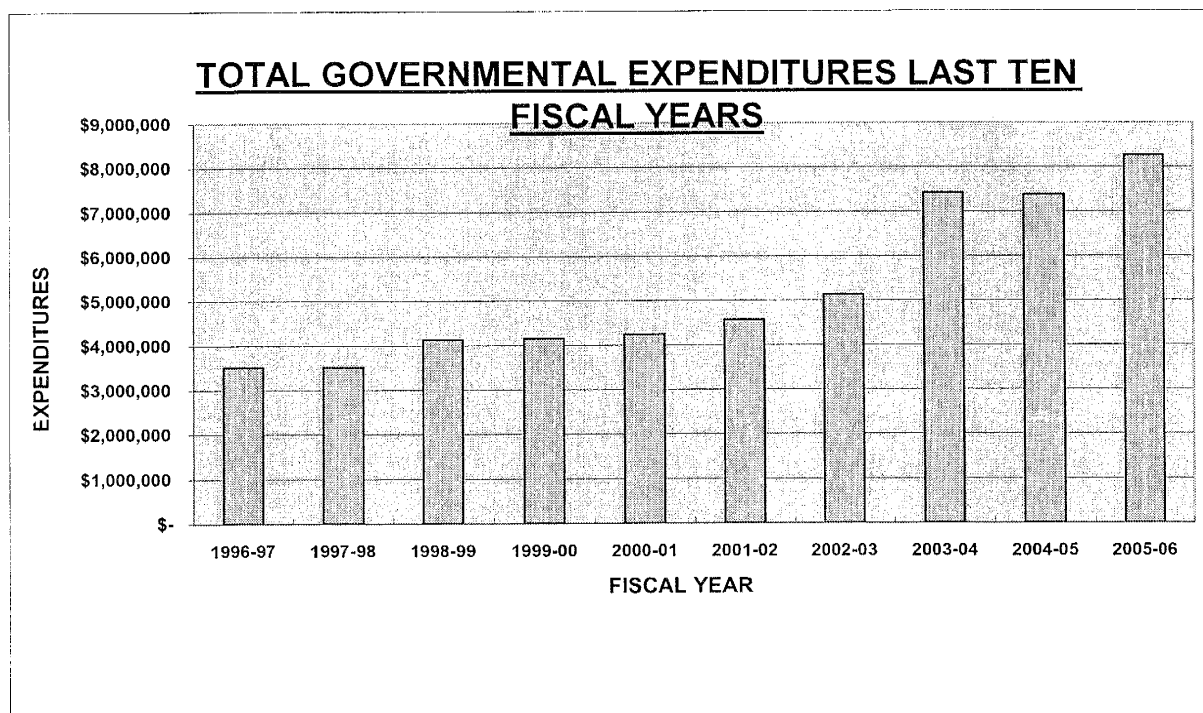
CITY OF SIOUX CENTER, IOWA

TABLE 1

General Governmental Expenditures and Other Uses by Function  
General, Special Revenue and Debt Service Funds  
Last Ten Fiscal Years

Year	*Public Safety (formerly Community Protection)	*Public Works (formerly Home & Comm. Env.)	*Culture & Recreation (formerly Human Development)	*General Government (formerly General Admin)	*Community & Econ Dev	*Debt Service	Transfers	Total
1996-97	\$ 436,843	\$ 640,672	\$ 1,122,584	\$ 341,266			\$969,311	\$3,510,676
1997-98	458,481	541,278	1,127,062	427,637			956,291	3,510,749
1998-99	592,025	652,349	1,194,736	435,730			1,249,962	4,124,802
1999-00	605,689	687,381	1,229,444	425,401			1,203,013	4,150,928
2000-01	610,436	701,321	1,170,210	435,869			1,322,213	4,240,049
2001-02	672,486	951,184	1,135,836	450,883			1,350,644	4,561,033
2002-03	612,478	837,560	1,060,886	452,608	174,244	428,391	1,564,555	5,130,722
2003-04	636,876	625,173	1,845,690	483,381	172,788	1,099,441	2,558,787	7,422,136
2004-05	725,681	585,682	1,912,132	644,968	111,704	491,428	2,906,682	7,378,277
2005-06	776,605	659,692	2,118,324	614,226	118,726	522,879	3,446,902	8,257,354

\*Note: Revised expenditure categories established in 2002-2003 to comply with state of Iowa modifications.

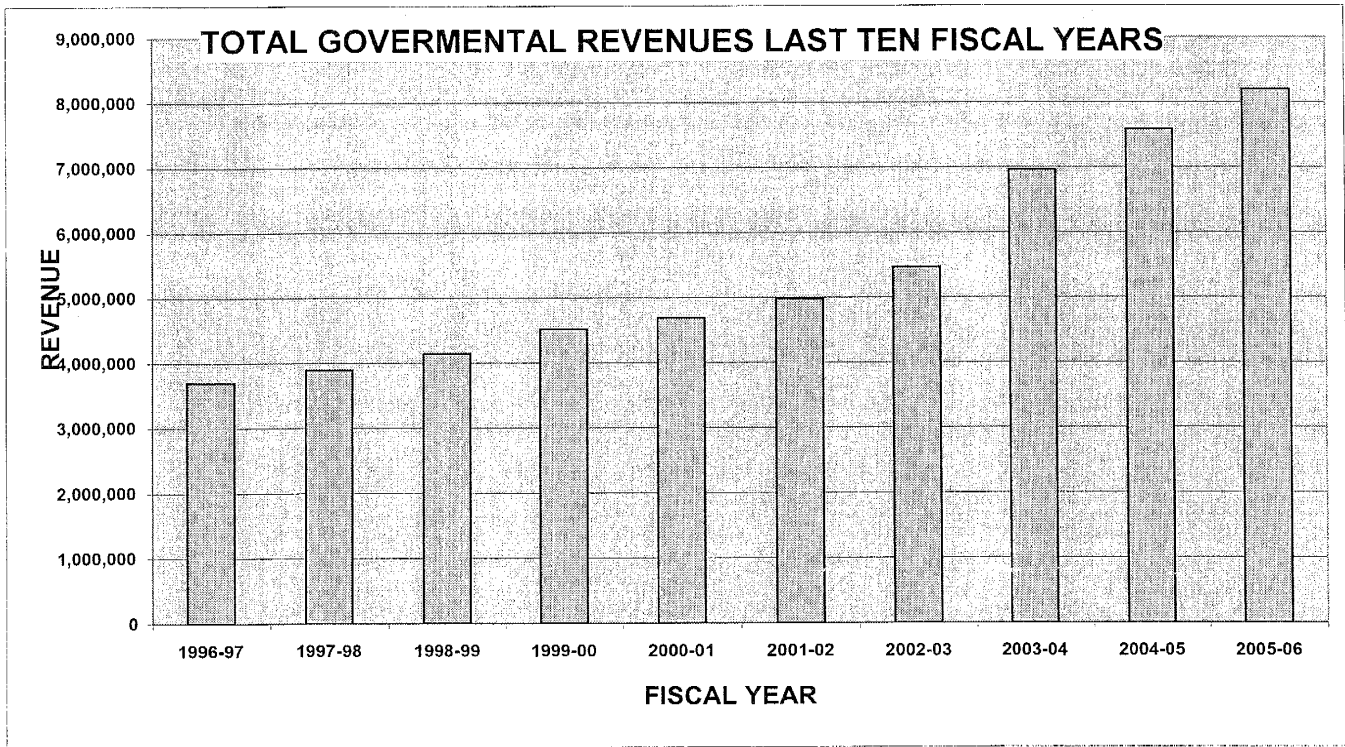


CITY OF SIOUX CENTER, IOWA

TABLE II

General Governmental Revenues and Other Sources  
General, Special Revenue and Debt Service Funds  
Last Ten Fiscal Years

Year	Taxes	Special Assessments	Licenses and Permits	Inter- Governmental Revenues	Contributions from Property Owners	Charges for Services	Fines and Fees	Use of Money and Property	Miscell- aneous Revenue	Transfers	Total
1996-97	1,830,987	14,951	45,287	522,990	8,510	336,914	15,477	183,355	142,839	593,212	3,694,522
1997-98	1,889,034	806	68,009	549,076	1,211	331,686	17,354	192,805	210,123	633,015	3,893,119
1998-99	2,125,139	678	65,296	583,530	1,187	333,763	15,570	188,991	133,555	693,666	4,141,375
1999-00	2,178,145	88,750	73,841	655,782	2,803	333,022	19,127	199,909	147,676	817,197	4,516,252
2000-01	2,211,504	84,785	97,341	645,566	33,113	335,039	18,119	193,568	226,052	842,284	4,687,371
2001-02	2,611,209	114,511	68,612	641,349	520	254,608	20,967	173,202	172,498	921,203	4,978,679
2002-03	2,627,716	90,534	83,925	822,022	862	307,936	24,448	141,845	175,914	1,189,835	5,465,037
2003-04	3,019,186	25,929	76,817	627,733	1,774	631,281	19,350	129,093	286,787	2,138,360	6,956,310
2004-05	3,138,204	25,120	85,507	557,534	1,886	994,073	17,515	165,314	251,182	2,350,764	7,587,099
2005-06	3,296,138	98,425	99,355	631,724	2,277	930,449	17,095	230,015	251,571	2,641,315	8,198,364



## CITY OF SIOUX CENTER, IOWA

TABLE III

Tax Revenues by Source  
Last Ten Fiscal Years

<u>Year</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>Agricultural Land Tax</u>	<u>Mobile Home Tax</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing District</u>
1996-97	1,830,987	1,057,967	5,979	5,586	301,501	459,954
1997-98	1,889,034	1,098,688	5,961	5,652	294,218	484,515
1998-99	2,125,139	1,107,468	6,420	5,744	420,161	585,346
1999-00	2,178,145	1,178,745	6,524	6,651	330,042	656,183
2000-01	2,211,504	1,192,883	6,238	6,220	333,478	672,685
2001-02	2,611,209	1,328,381	6,230	5,177	383,954	887,467
2002-03	2,627,716	1,476,115	5,870	5,423	409,204	731,104
2003-04	3,019,186	1,541,583	5,696	4,736	435,753	1,031,418
2004-05	3,138,204	1,625,373	4,364	5,402	428,672	1,074,393
2005-06	3,217,406	1,728,262	4,756	4,775	514,670	964,943

## CITY OF SIOUX CENTER, IOWA

TABLE IV

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections as Percent of Current Levy</u>	<u>Delinquent Taxes Receivable</u>
1996-97	1,550,829	1,532,497	98.8%	68	1,532,565	98.8%	76
1997-98	1,509,965	1,509,087	99.9%	76	1,509,163	99.9%	878
1998-99	1,622,979	1,622,603	99.9%	878	1,623,481	100.0%	376
1999-00	1,844,639	1,845,254	100.0%	376	1,845,630	100.0%	904
2000-01	1,931,481	1,862,810	96.4%	904	1,863,714	96.5%	82,616
2001-02	2,104,574	2,286,659	100.0%	82,616	2,369,275	100.0%	1,725
2002-03	2,214,809	2,210,123	99.8%	1,725	2,211,848	99.80%	2,393
2003-04	2,485,848	2,508,382	100.0%	2,393	2,510,775	100.90%	315
2004-05	2,606,377	2,691,285	100.0%	315	2,691,600	103.27%	890
2005-06	2,846,327	2,757,691	96.9%	890	2,758,580	96.92%	910

## CITY OF SIOUX CENTER, IOWA

TABLE V

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Collection Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Utilities</u>		<u>Total</u>		Ratio of Assessed to Estimated Actual
	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	
1996-97	109,929,479	160,828,858	5,479,385	5,479,385	1,227,990	1,244,356	116,636,854	167,552,599	69.61%
1997-98	112,153,022	163,605,990	5,152,345	5,152,345	982,146	982,146	118,287,513	169,740,481	69.69%
1998-99	113,616,496	176,231,141	5,369,579	5,369,579	1,177,894	1,189,110	120,163,969	182,789,830	65.74%
1999-00	121,649,036	183,207,505	5,228,451	5,228,451	1,423,420	1,423,420	128,300,907	189,859,376	67.58%
2000-01	125,256,327	192,482,172	5,548,875	5,548,875	1,407,989	1,415,545	132,213,191	199,446,592	66.29%
2001-02	134,549,484	200,909,486	4,452,833	4,452,833	1,341,770	1,341,770	140,344,087	206,704,089	67.90%
2002-03	158,649,753	245,546,256	977,281	977,281	1,275,960	1,287,596	160,914,630	247,811,133	64.93%
2003-04	160,872,021	247,768,524	0	0	1,244,987	1,244,987	162,117,008	249,013,511	65.10%
2004-05	159,310,103	254,092,890	0	0	1,261,133	1,264,303	160,574,406	255,354,023	62.88%
2005-06	164,454,918	259,762,534	0	0	1,270,418	1,270,418	165,725,336	261,032,952	63.49%

## CITY OF SIOUX CENTER, IOWA

TABLE VI

Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Tax Rates per \$1,000 of Assessed Valuation

<u>Year</u>	<u>City</u>	<u>School District</u>	<u>County Consolidated</u>	<u>Vocational School</u>	<u>Total</u>
1996-97	10.90605	12.21595	3.05065	0.49625	26.66890
1997-98	10.99860	12.90616	2.89956	0.49080	27.29512
1998-99	11.19995	13.01458	3.08408	0.47864	27.77725
1999-00	11.17542	12.96314	3.53387	0.48192	28.15435
2000-01	11.48492	13.63856	3.53287	0.52226	29.17861
2001-02	11.64251	13.60919	3.51674	0.53380	29.30224
2002-03	11.66538	14.20535	3.93682	0.54774	30.35529
2003-04	12.24057	14.30223	4.64743	0.65433	31.84456
2004-05	13.19098	14.05656	5.06682	0.58447	32.89883
2005-06	13.45379	14.00026	6.14423	0.58365	34.18193

## CITY OF SIOUX CENTER, IOWA

TABLE VII

Ratio of Net General Bonded Debt  
to Assessed Value and Net Bonded Debt per Capita  
Last Ten Fiscal Years

Levy Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service and Escrow Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996-97	5,074	116,636,854	5,738,225	1,323,293	4,414,932	.0378 to 1	870.11
1997-98	5,712	118,287,513	7,403,971	3,323,220	4,080,751	.0345 to 1	714.42
1998-99	5,712	120,163,969	7,274,925	3,037,995	4,236,930	.0353 to 1	714.42
1999-00	5,712	128,300,907	5,827,693	802	5,826,891	.0454 to 1	1,020.11
2000-01	6,002	132,213,191	7,030,918	1,752	7,029,166	.0532 to 1	1,171.14
2001-02	6,002	140,344,087	8,018,304	1,359	8,016,945	.0571 to 1	1,335.71
2002-03	6,002	153,552,986	8,404,809	622,879	7,781,930	.0484 to 1	1,296.56
2003-04	6,002	160,872,021	7,165,390	7,637	7,157,753	.0445 to 1	1,192.56
2004-05	6,002	159,310,103	7,898,192	9,560	7,888,632	.0495 to 1	1,314.33
2005-06	6,327	164,454,918	6,880,000	3,275	6,876,725	.0418 to 1	1,086.89

## CITY OF SIOUX CENTER, IOWA

TABLE VIII

Computation of Direct and Overlapping Debt  
June 30, 2006

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	City of Sioux Center Share of Debt
City of Sioux Center	\$6,876,725	100.00%	\$6,876,725
Sioux Center Community School District	5,097,528	64.16%	3,270,517
Sioux County	5,210,000	15.73%	819,512
Total	\$17,184,253		\$10,966,754

## CITY OF SIOUX CENTER, IOWA

TABLE IX

Computation of Legal Debt Margin  
June 30, 2006

2005-06 Estimated Actual Valuation			
Real Estate	\$259,762,534		
Personal Property	0		
Utilities	<u>1,270,418</u>		
Total Actual Value	\$261,032,952		
Debt Limit - 5% of Actual Valuation			\$13,051,648
Amount of Debt Applicable to Debt Limit			
General Bonded Debt	\$6,880,000		
Other Debt	\$4,895,000		
		\$11,775,000	
Less:			
Revenue Bonds	\$4,835,000		
Special Assessment Bonds	<u>\$60,000</u>		
		<u>4,895,000</u>	
Total Debt Applicable to Debt Limit			<u>6,880,000</u>
Legal Debt Margin			<u>\$6,171,648</u>

## CITY OF SIOUX CENTER, IOWA

TABLE X

Special Assessment Collections  
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1996-97	1,684	1,684	100.0 to 100	1,417
1997-98	112,562	112,562	100.0 to 100	48,349
1998-99	48,349	48,349	100.0 to 100	37,747
1999-00	37,747	88,750	235.1 to 100	36,253
2000-01	36,253	84,785	233.8 to 100	32,755
2001-02	45,101	122,790	272.3 to 100	47,385
2002-03	47,385	97,365	205.5 to 100	36,417
2003-04	36,417	47,076	129.3 to 100	32,864
2004-05	32,864	39,227	119.4 to 101	26,831
2005-06	26,831	41,045	152.9 to 100	24,461



CITY OF SIOUX CENTER, IOWA

TABLE XI

Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years

Year	<u>Principal</u>	<u>Interest</u>	<u>Transfers</u>	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Governmental Expenditures
1996-97	95,689	62,946		158,635	3,510,676	4.52%
1997-98	66,317	57,212		123,529	3,510,749	3.52%
1998-99	66,983	53,186		120,169	4,124,802	2.91%
1999-00	66,301	49,379		115,680	4,150,298	2.79%
2000-01	76,775	104,190		180,965	4,240,049	4.27%
2001-02	82,614	129,267		211,881	4,561,033	4.65%
2002-03	196,627	224,264		420,891	5,130,722	8.20%
2003-04	884,876	214,563		1,099,439	7,422,136	14.81%
2004-05	329,981	159,498		491,428	7,378,277	6.66%
2005-06	377,570	144,415		522,879	8,257,354	6.33%

CITY OF SIOUX CENTER

TABLE XII

Schedule of Revenue Bond Coverages

Sewer Revenue Bond Issue  
Last Ten Fiscal Years

Year	<u>Revenue (1)</u>	<u>Operating Expenses (2)</u>	Available for Debt Service	Debt Service Requirements		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
1996-97	564,439	327,080	237,359	15,654	3,680	19,334	12.28
1997-98	607,164	358,130	249,034	15,654	53,766	69,420	5.16
1998-99	597,844	365,304	232,540	92,259	87,501	179,760	1.29
1999-00	746,063	381,204	364,859	96,121	85,013	181,134	2.01
2000-01	672,284	434,888	237,396	100,028	79,623	179,651	1.32
2001-02	604,038	451,634	152,404	85,000	101,763	186,763	0.82
2002-03	682,734	439,470	243,264	88,000	96,483	184,483	1.32
2003-04	727,269	506,052	221,217	91,000	69,451	160,451	1.38
2004-05	921,883	534,482	387,401	95,000	65,712	160,712	2.41
2005-06	1,051,212	676,327	374,885	99,000	53,389	152,389	2.46

(1) Total revenues (including interest) exclusive of Connection Fees and Depreciation on  
Fixed Assets acquired by Grants.

(2) Total operating expenses exclusive of depreciation and interest.

## CITY OF SIOUX CENTER, IOWA

TABLE XIII

Property Value and Construction  
Last Ten Fiscal Years

Calendar Year	Commercial (1) Construction		Residential (1) Construction		Institutional (2) Construction		Property (3) Value
	Units	Value	Units	Value	Units	Value	
1996	15	575,790	59	2,901,340	1	6,800,000	116,636,854
1997	21	4,933,743	60	3,429,069	3	6,998,763	118,287,513
1998	19	3,233,261	69	4,008,275	2	697,845	120,163,969
1999	29	10,627,316	99	5,756,909	6	1,200,204	128,300,907
2000	15	3,047,086	76	9,343,102	6	12,458,034	132,213,191
2001	14	1,306,641	66	4,428,569	3	77,000	140,344,087
2002	17	2,282,800	57	5,167,318	5	7,879,400	160,914,630
2003	21	6,183,295	81	7,232,693	5	1,530,635	162,117,008
2004	19	2,882,912	83	7,570,881	4	4,297,532	160,574,406
2005	14	7,058,708	77	7,433,490	1	10,000	165,725,336

(1) Includes new construction and remodeling (Source: Local Building Permits Issued)

(2) Schools, Churches, City Facilities (Source: Local Building Permits Issued)

(3) Assessed Value from Table V

## CITY OF SIOUX CENTER, IOWA

TABLE XIV

## Principal Taxpayers

Taxpayer	Type of Business	Percentage of Taxable	
		Value	Value
Trigen, LLC	Manufacturing	\$11,258,327	6.79%
City of Sioux Center	Retail Shopping Mall	6,474,130	3.91%
Farmers Coop Society	Grain Elevator & Lumber yard	5,427,254	3.27%
Sioux Automation	Manufacturing	4,657,624	2.81%
Sioux Center Community Hospital	Hospital	4,212,730	2.54%
Golden Crisp	Food Processing	3,113,600	1.88%
American State Bank	Commercial Bank	2,561,540	1.55%
Vet Pharm	Vaccine Distributor	2,535,980	1.53%
EMW Groschopp	Manufacturing	1,721,670	1.04%
Harbor Group Investments	Control Systems	1,584,430	0.96%
Total		\$43,547,285	26.28%

## CITY OF SIOUX CENTER, IOWA

TABLE XV

## Demographic Statistics

Fiscal Year	(1) Population	(2) Per Capita Income	(2) Median Age	(2) High School Equivalency	(3) School Enrollment	(4) Unemployment Rate
1996-97	5,074	(5)	(5)	(5)	1,386	2.2%
1997-98	5,712	(5)	(5)	(5)	1,357	2.3%
1998-99	5,712	(5)	(5)	(5)	1,377	2.0%
1999-00	5,712	(5)	(5)	(5)	1,312	2.1%
2000-01	6,002	\$25,393	25.5	79.5%	1,360	2.1%
2001-02	6,002	\$25,690	25.5	79.5%	1,295	2.3%
2002-03	6,002	\$25,690	25.5	79.5%	1,315	2.6%
2003-04	6,002	\$25,690	25.5	79.5%	1,322	2.6%
2004-05	6,002	\$25,690	25.5	79.5%	1,321	3.3%
2005-06	6,327	\$25,690	25.5	79.5%	1,333	2.2%

(1) Bureau of Census

(2) Statistical Profile of Iowa

(3) Sioux Center Community Schools

(4) Iowa Workforce Development

(5) Information not available

CITY OF SIOUX CENTER, IOWA

TABLE XVI

Miscellaneous Statistical Data

Date of Incorporation	1891
Date Home Rule City Act was Adopted	1974
Form of Government:	
Type-Council-Mayor	
Council composed of Mayor and five Council Members	
Terms of Office:	
Mayor-four year term	
Council Members-four year staggered terms	
Manager-appointed by City Council	
Average Winter Temperature	18 Degrees
Average Summer Temperature	71 Degrees
Average Annual Rainfall	28 Inches
Average Annual Snowfall	33 Inches
Community Facilities:	
Electric System	
Suppliers-Western Area Power Administration	
-Missouri Basin Municipal Power Agency	
KWH Purchased	107,493,404
KWH Sold	<u>106,125,774</u>
Line/Unaccounted for Loss	1,367,630
Average Revenue per KWH Sold	\$0.05
Meters in Service	2,662
Gas System:	
Supplier-Nebraska Public Gas Association	
MCF Purchased	1,062,261
MCF sold	1,062,354
Unaccounted for Loss	93
Average Revenue per MCF	\$10.02
Meters in Service	2,034
Water System:	
Number of Wells	15
Elevated Storage Capacity (Gallons)	650,000
Water Plant Capacity (Gallons per Day)	1,920,000
Average Daily Consumption	800,000
Peak Consumption	1,500,000
Sewer System:	
Average Daily Treatment (Gallons per Day )	1,000,000
Peak Load (Gallons per Day)	1,800,000
Design Capacity (Gallons per Day )	4,000,000
Number of Lift Stations	8